BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application of CALIFORNIA WATER SERVICE COMPANY (U 60 W), a corporation, for an order authorizing it to increase rates charged for water service in its Chico District by $6,380,400 or 49.1% in July 2008, $1,651,100 or 8.5% in July 2009, and by $1,651,100 or 7.9% in July 2010; in its East Los Angeles District by $7,193,200 or 36.5% in July 2008, $2,034,800 or 7.6% in July 2009, and by $2,034,800 or 7.0% in July 2010; in its Livermore District by $3,960,900 or 31.2% in July 2008, $942,200 or 5.6% in July 2009, and by $942,200 or 5.4% in July 2010; in its Los Altos-Suburban District by $5,172,500 or 30.5% in July 2008, $1,189,100 or 5.4% in July 2009, and by $1,189,100 or 5.1% in July 2010; in its Mid-Peninsula District by $5,435,100 or 23.7% in July 2008, $1,634,200 or 5.8% in July 2009, and by $1,634,200 or 5.5% in July 2010; in its Salinas District by $5,119,700 or 29.8% in July 2008, $3,636,900 or 16.3% in July 2009, and by $2,271,300 or 8.7% in July 2010; in its Stockton District by $7,474,600 or 29.0% in July 2008, $1,422,400 or 4.3% in July 2009, and by $1,422,400 or 4.1% in July 2010; and in its Visalia District by $3,651,907 or 28.4% in July 2008, $3,546,440 or 21.3% in July 2009, and by $3,620,482 or 17.6% in July 2010;	Application No. 07-07-001 Filed July 3, 2007

RESPONSE TO ALJ THOMAS' SEPTEMBER 25, 2007 RULING

Thomas F. Smegal
Manager of Rates
California Water Service Company
1720 North First Street
San Jose, CA 95112

Representative of Applicant

October 25, 2007

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of CALIFORNIA WATER SERVICE COMPANY (U 60 W), a corporation, for an order authorizing it to increase rates charged for water service in its Chico District by $6,380,400 or 49.1% in July 2008, $1,651,100 or 8.5% in July 2009, and by $1,651,100 or 7.9% in July 2010; in its East Los Angeles District by $7,193,200 or 36.5% in July 2008, $2,034,800 or 7.6% in July 2009, and by $2,034,800 or 7.0% in July 2010; in its Livermore District by $3,960,900 or 31.2% in July 2008, $942,200 or 5.6% in July 2009, and by $942,200 or 5.4% in July 2010; in its Los Altos-Suburban District by $5,172,500 or 30.5% in July 2008, $1,189,100 or 5.4% in July 2009, and by $1,189,100 or 5.1% in July 2010; in its Mid-Peninsula District by $5,435,100 or 23.7% in July 2008, $1,634,200 or 5.8% in July 2009, and by $1,634,200 or 5.5% in July 2010; in its Salinas District by $5,119,700 or 29.8% in July 2008, $3,636,900 or 16.3% in July 2009, and by $2,271,300 or 8.7% in July 2010; in its Stockton District by $7,474,600 or 29.0% in July 2008, $1,422,400 or 4.3% in July 2009, and by $1,422,400 or 4.1% in July 2010; and in its Visalia District by $3,651,907 or 28.4% in July 2008, $3,546,440 or 21.3% in July 2009, and by $3,620,482 or 17.6% in July 2010;	)	Application 07-07-001 Filed July 3, 2007

RESPONSE TO ALJ THOMAS' SEPTEMBER 25, 2007 RULING

California Water Service includes its response to ALJ Thomas' September 25 ruling as Appendix A. Please note that Cal Water is only filing this response itself. All reference material is being served on the parties to the Proceeding.

/s/ Thomas F. Smegal
Thomas F. Smegal
Representative of California
Water Service Company

October 25, 2007
Date

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San Jose CA, 95112
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Appendix A

California Water Service Co.

Recipient:	California Water Service Company		
CWS Data Request No.:	Response to ALJ Thomas' 9-25-07 Ruling		
CWS File Name:	Data Request SRT-2 Response		
Request Date:	September 25, 2007	CWS Rates Manager:	Tom Smegal
Due Date:	October 25, 2007	CWS RM Phone No.:	408-367-8219

1.a) Report on water use forecast. Page 2 – Why is the sample "adjusted"? Explain the adjustment.

There are three different adjustments made to the sample data.

1. The first adjustment is made to rainfall data. When the standard methodology was adopted by the Commission, it was argued that, while water use might vary inversely with changes in rainfall, this would only occur with lower amounts of rainfall. For example, if it rained a little people might reduce their use of outdoor irrigation in response to that rainfall. However, once the rain was sufficient to provide all of the water needed for outdoor irrigation, additional rainfall would no longer change the amount of water used. The standard practice manual adopted a level of 4 inches per month to reflect this factor. So rainfall between 0 and 4 inches is assumed to affect water use, and rainfall over that limit is assumed to have no further effect on water use. The Standard Practice therefore requires sample rainfall data to be adjusted so that rainfall in any one month is no greater than 4 inches. The following hypothetical example shows the adjustment.

	Actual Rainfall (Inches)	Adjusted Rainfall (Inches)
January	8.2	4.0
February	4.5	4.0
March	3.1	3.1

In this example, both January and February are believed to have had rainfall levels above that which would influence consumption, so the amount was capped at 4 inches, the maximum amount at which consumption was assumed to be affected.

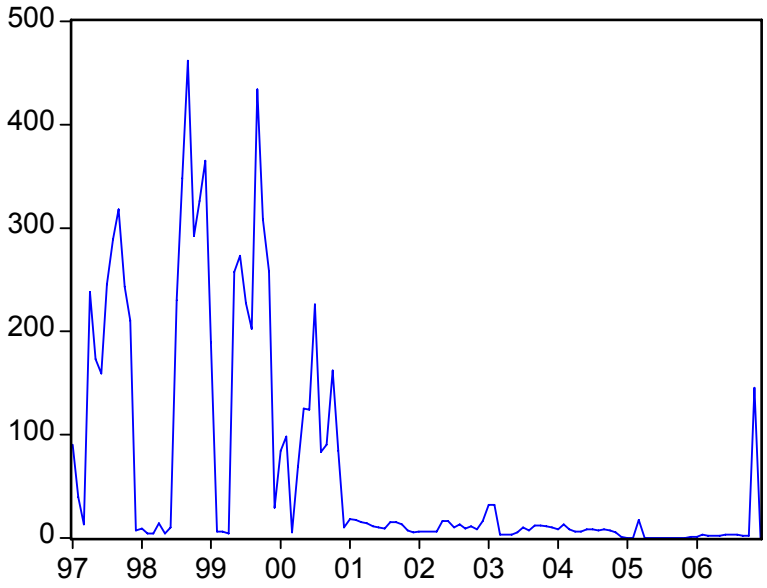
2. The second adjustment is made to both rainfall and temperature data. This adjustment was adopted by the Standard Practice because the weather data is reported for calendar month, but the sales data reflect billing months. These do not coincide with calendar months because meter reading and billing is done throughout the month. This means that some of the sales recorded as June sales, for example, come from meter reads and billing on the first working day

of the month. Assuming this is the first of June, the sales recorded as being June sales would actually reflect water deliveries made from around the first of May (the last time the meter was read) through the first of June. Similarly, on the second of June, the recorded sales would actually reflect water deliveries made between May 2 and June 2, and so on. Only in the case of meters read on the last day of the month would June recorded sales reflect water used during June. Therefore on average, half of the June recorded sales reflect water actually delivered and used in June, and the other half reflect water delivered and used in May.

Because we are trying to measure the effect of weather on water use, we need to match the weather data to the time when the water was consumed. If the weather is very hot in May, because of the billing cycle part of this effect will show up in increased recorded sales for May, and part (for those billed early in May) will not show up as an increase in recorded sales until June. To match the billing cycle and the weather data, we develop an average of the weather data for the current month and the previous month. In this case, to match with sales recorded in June, we average the temperature for May and June to reflect that approximately half of the weather effect on June recorded sales occurs in May, and the other half in June.

3. The third adjustment is not made in all cases, but is made only if the data suggest that there has been an underlying change in the level of consumption. This most often occurs for the "industrial" and "other" categories of sales. The industrial sales category often reflects the sales of a small number of customers, so a single customer entering or leaving the district can make a sizeable difference in the level of sales. If such a change has occurred, the sales analysis should be restricted to the period for which the current customer mix was present. The following diagram, from Livermore, shows such a case.

Figure L-4
Livermore Industrial Sales

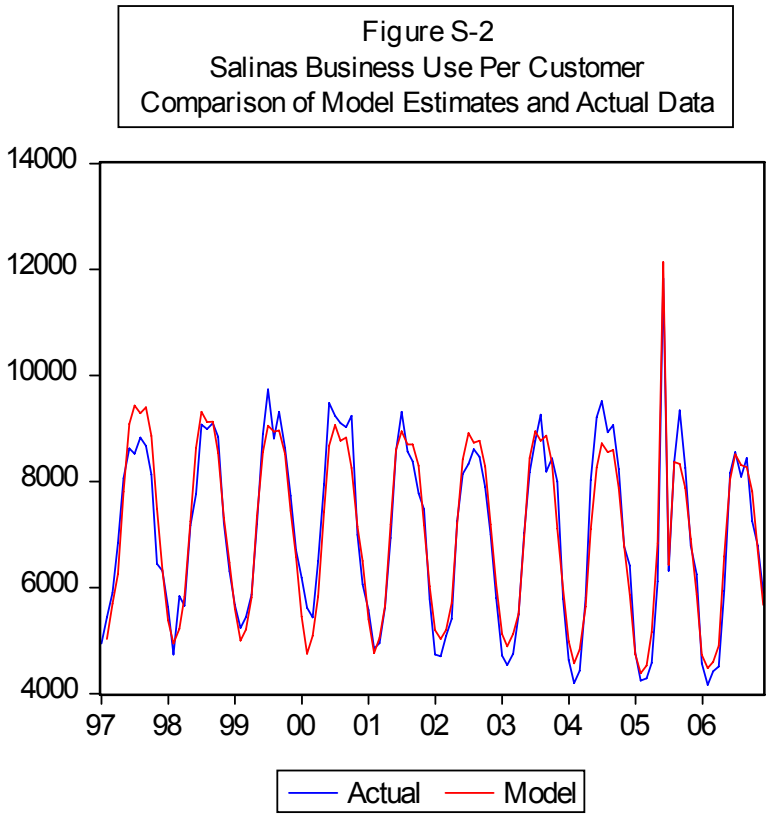


The number of industrial customers in Livermore dropped from three to two in 2001, and from two to one in 2002. The number of customers has remained at one since that time. Because of this change, the recorded sales data prior to 2002 is no longer relevant to the level of sales today. The majority of the customers that used the water prior to 2002 are no longer on the system. In a case such as this, the sample period would be adjusted by removing the data from 1977 through 2001, and using only the data after that time.

In the case of Livermore, the single remaining customer appears to have dramatically changed his level of use during 2006.

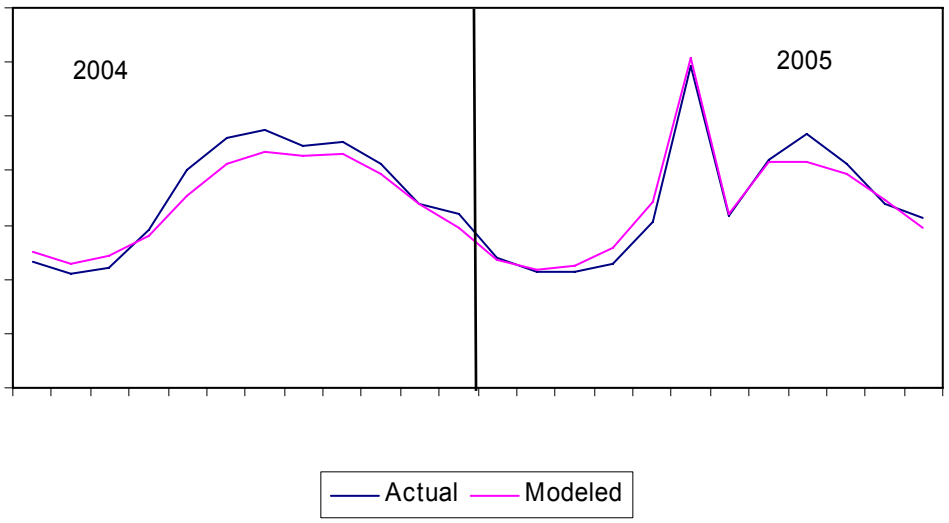
1.b) Page 4 – Figure S-2. Why is there such a large difference between the Salinas model vs. actual figure for 2005? Provide the same forecasts for the other seven districts, or a citation to where in the record they appear.

Figure S-2 compared the model of Salinas Business Use per Customer category. It is reproduced below.



The data for two years, 2004 and 2005 are presented in the figure below so that these years can be more closely examined.

Salinas Business Use Per Customer
2004-2005



In fact, the model tracked actual sales quite closely in 2005, and for the year as a whole the model forecast approximately half a percent higher than actual sales. It may be that the small scale of the graph in the report disguised the fact that the spike in June 2005 was present both in the actual and the model numbers. That spike in demand was in the recorded data, and was not an artifact of the model. Because it is followed by a very low July reading, we suspect that this was caused by some factor of billing procedures. For instance, July of 2005 had only 20 working days for billing, while June had 22 days. It is our assumption that some of the meters normally read early in July were instead read at the end of June, to maintain the billing schedule during the short billing month. Usually meter reading companies have a 21 day billing cycle. If this were so for Salinas, the local manager may have decided to read the first billing in July on the last day in June, to smooth out the use of his workers. If the first July bills were recorded as June sales (because that is when the meters were read) this would result in an increase in recorded sales in June and a corresponding decrease in July. Because this showed all of the signs of a billing issue, we added a variable to the model that allowed for an increase in recorded sales in June to be offset by a decrease in July.

However, the model did not track the actual sales for the summer of 2004 as closely as one would have liked. It is possible that the question was related to 2004 results, rather than 2005, and the small scale of the figure allowed for confusion between the labeling of the years. We have not been able to explain why the model produced higher consumption numbers for 2004 than were actually recorded. The numbers for May and June were particularly high. However, for the year as a whole, the model estimates were only 4 percent below the actual level of sales.

Figures comparing actual and modeled use per customer or sales are provided for each of the district categories for which regression models were developed. The table below provides the key to locating any specific model comparison. So, for example, the Salinas Business Use figure which prompted the question was labeled S-2; S for Salinas and 2 to signify Business Use. Similarly, the comparison figure for Livermore Public Authority Sales is labeled L-5.

California Water Service Company

Key to Model Comparison Figures

District	**Figure Prefix**
Chico	C
East Los Angeles	E
Livermore	L
Los Altos	LAS
Mid Peninsula	MP
Salinas	S
Stockton	ST
Visalia	V
Category	**Figure Number**
Residential Use	1
Business Use	2
Multifamily Use	3
Industrial Sales	4
Public Authority Sales	5

1.c) Page A-1 – State where the Model Specifications were adopted and explain (for each district) why the models differ by district.

The model specifications adopted are outlined throughout the report. The actual models adopted are specified in the report's tables, and the reasons for the method adopted are discussed in the accompanying text. Where regression analyses were adopted, those analyses are presented in accompanying tables. The table numbering convention follows that outlined about for the comparison figures: Table S-2 reports the adopted model for Salinas Business Use, and Table L-5 reports the adopted model for the Livermore Public Authority Sales, and so on.

However, the standard regression approach was not tenable for all categories in all Districts. The following table summarizes the models adopted for each district. Where the adopted model is reported with a name that includes "reg", it signifies that the common regression approach was adopted. Where the regression analysis was not adopted, the table summarizes the approach chosen instead. The districts and categories that do not conform to the typical model specification are highlighted in gray.

Comparison of Models Adopted

California Water Service 2007 Rate Case

	Chico	East Los Angeles	Livermore	Los Altos	Mid-Peninsula	Salinas	Stockton	Visalia
Residential	Resreg2	Resreg2	Resreg2	Resreg2	Resreg2	Resreg2	Resreg2	Resreg2
Business	Busreg2	Busreg2	Busreg2	Busreg2	Busreg2	Busreg2	Busreg2	Busreg2
Multifamily	Multireg2	Multireg2	Multireg2	Multireg2	Multireg2	Multireg2	Multireg2	Multireg2
Industrial	Indreg2	Indreg2	Last year	Indreg2	Avg last 5	Avg last 4	Avg last 3	Avg last 3
Public Authority	Pareg2	Pareg2	Pareg2	Pareg2	Avg last 2	Pareg2	Pareg2	Pareg2
Other	Last	Avg last	Avg last	Avg last	Avg last 5	Last	Last	Avg last

	year	4	3	5		year	year	5
Irrigation	NA	NA	NA	Last year	NA	NA	NA	NA

Because the highlighted estimates are not developed using regression analysis, the models adopted are not specified in tables, but are discussed in the text of the report. A summary discussion of the highlighted categories follows. References to figures are the figures contained in the Forecast Report.

Industrial

As discussed in section a (above, page 2) the industrial sales category usually consists of the use of a small number of customers, and so is subject to sizeable changes if the number of customers change.

The case of Livermore industrial sales is discussed in section a. The following discussion describes the remaining industrial sales categories where standard models were not used.

As shown in Figure MP-4 of the report, the *Mid-Peninsula* Industrial group shows a change in consumption pattern during 2001. Regression analysis was attempted for the remaining years of data, but the results were not sufficiently robust. In addition, customer numbers declined after that. The average of the last five years of sales was used instead of regression analysis.

For *Salinas* Industrial, the sales level showed an increase for the last 4 years, as shown in Figure S-4. The sales data from before this period was considered not representative of the current situation, and was discarded. This left four years of data, which is too few to use regression analysis, so a four-year average was adopted.

For *Stockton* (Figure ST-4) and Visalia (Figure V-4), the industrial sales patterns are different for the last three years as compared to those of the earlier periods. For these districts, only the last

three years are considered as representative of current consumption patterns, so the average of the past three years was adopted for the estimates of weather-adjusted sales.

Public Authority

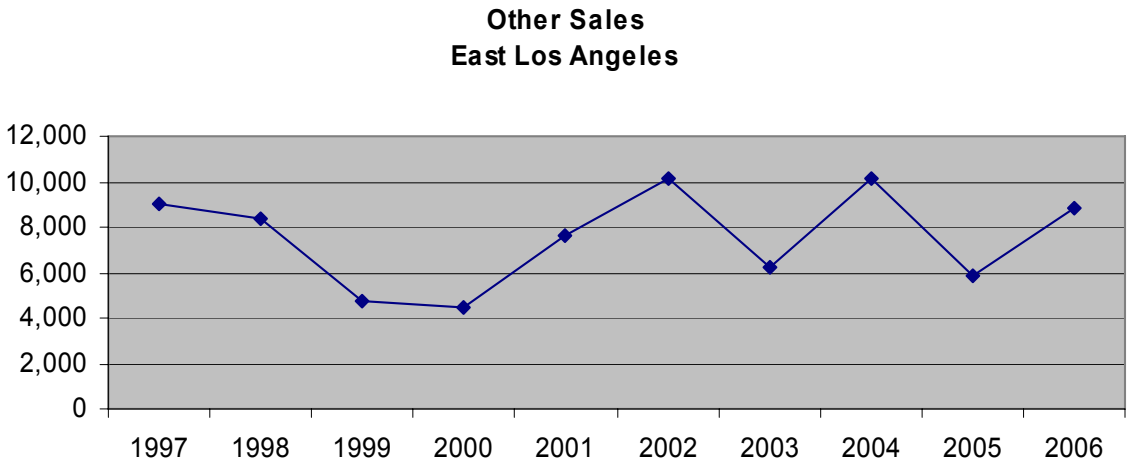
Similarly, the Public Authority sales for the *Mid-Peninsula* district showed a very different pattern of consumption in 2005 and 2006 from that in earlier years (see Figure MP-5). Because of this, the earlier years of data were considered unrepresentative of current consumption patterns and discarded. The remaining two years of data are too little to be used for regression analysis, and so the average of the last two years was used to develop the estimate of sales.

Other

The "other" category is a special case. This group is very variable, and does not consist of an ongoing group of customers. It includes short time uses such as fire, dust suppression, construction, and other temporary water uses. As a result, it can vary unpredictably from year to year. This variation makes the use of regression analysis ineffective, and the most common methodology is to use the average of the last five years. In some cases the data suggested that this was not the most appropriate level to use, and other levels were chosen.

For *Chico*, the other sales for 2005 were particularly erratic, and so it was felt that inclusion of the second to last year would result in a misleading analysis. This is shown in Figure C-6. The Standard Practice does not allow for excluding of a particular year from the average adopted, so exclusion of 2005 sales meant that 2006 should be adopted as the forecast.

For *East Los Angeles*, no graph was provided in the report. However, the graph below shows that other sales appear to behave in a zig-zag fashion, with high years followed by lower years. It was felt that inclusion of two higher years and two lower years would more appropriately forecast sales.



For *Livermore,* as shown in Figure L-6, sales were erratic and high from 1997 through 2001, erratic and lower from 2001 through 2003, and somewhat more stable, although still erratic from 2004 through 2006. Because of this the three-year average was chosen.

For *Salinas,* as shown in Figure S-6, other sales were erratic, but generally declining. For this reason, the most recent year was chosen as the appropriate test year sales level, rather than the five-year average, which would not reflect the general decline in sales that has been experienced.

For *Stockton,* as shown in Figure ST-6, the other sales had been climbing consistently, but then dropped sharply, before turning to rise again. Because of these changes, the level of sales from the most recent year was chosen as an estimate of weather-adjusted sales.

Irrigation

There had been no sales in the Los Altos irrigation category in recent years, but sales had recommenced in 2006. Because that year provided the only recent data, it was adopted as the estimate of weather-adjusted sales.

2.a) Conservation Programs - Page 2 – you state that "this general rate application proposes conservation budgets for all districts; however, this application deals only with the [eight districts in the caption]." These statements seem contradictory; explain.

The sentence should be corrected to read: "This application deals only with the Districts: Chico, East Los Angeles, Livermore, Los Altos, Mid Peninsula, Salinas, Stockton, and Visalia."

At the time Cal Water prepared this application, it was not clear if the Commission would require Cal Water to prepare a GRC based on all districts or the eight districts. Although Cal Water prepared detailed budgets for all 24 districts, it is only requesting conservation funding for the subject 8 districts.

2.b) ***Page 3 – Can information programs ever be "cost-effective" as you use that term? Explain.***

For most water conservation programs, cost and effectiveness data is available. Cost information is based on utility implementation cost for the measure and effectiveness information is based on surveys and engineering studies as to savings resulting from the measure. For example, survey and engineering information estimates the likely savings if a low flow toilet replaces a conventional toilet. Such an effectiveness analysis is not available for water conservation education and information programs.

The California Urban Water Conservation Council (the Council) does not require water utilities to assess cost-effectiveness of information programs. The Council does, however, require utilities to implement education and information programs and to quantify a utilities level of activity in public education programs. Please see attachment 1, which provides the Council's summary of BMP 7 (Public information and BMP 8 (School education).

This has likewise been the case in energy efficiency. According to the State's October 2001, *California Standard Practice Manual Economic Analysis of Demand-side Programs and Projects*, "For generalized information programs (e.g. when customers are provided generic information on means of reducing utility bills without the benefit of on-site evaluations or customer billing data), cost-effectiveness tests are not expected because of the extreme difficulty in establishing meaningful estimates of load impacts." (Page 5).

2.c) Page 7 – how would the Commission monitor for reasonableness a program allowing Cal Water to implement conservation programs "without fear that it will overspend and not be allowed to recover reasonable conservation expenses"(with 5 percent and 20 percent caps)? Provide authority from the Commission programs (including Energy Efficiency) allowing for such overspending. Explain the WRAM briefly.

Accountability

Cal Water does not expect the Commission to allow it to spend over the authorized budget without showing that its actions were reasonable. Rather, Cal Water is merely requesting authority to go over that amount subject to a showing to the Commission that its actions were reasonable. Cal Water would demonstrate that the program expenditures meet cost-effectiveness or other criteria established by the Commission. Many conservation programs are customer driven; they are not easily stopped without creating confusion among customers and vendors. Cal Water wishes to have the flexibility to overspend its budget if it believes it can successfully expand its program beyond the authorized level. Over expenditures would be recovered in a subsequent general rate case. The cap of 20% assures that Cal Water must get authority from the Commission for expenditures beyond 20% of the authorized budget.

Authority

Energy utilities previously had two-way balancing accounts for their energy efficiency accounts in the 80's and 90's. Energy utilities were allowed to go over budget amounts within limits.[1] The Commission's energy efficiency decision 05-09-043 now requires the one-way balancing account concept. Energy utilities have flexibility to over or under budgets on a year-to-year basis but must stay within the overall three-year aggregate budget. In order to increase energy efficiency funding over authorized levels, utilities must file a separate application.

[1] Cal Water's conservation witness, David Morse, was the PUC's advocacy division's (Public Staff Division, DRA, and ORA) Branch Chief for the Energy Resources Branch and thus had lead responsibility for energy efficiency programs from 1985 to 2001.

Cal Water believes that the flexibility to go over the budget level by up to 20% is warranted for the current situation for water conservation programs. If Cal Water finds programs to be successful and wishes to expand the programs, requiring an application to increase funding would be a detriment to Cal Water and burdensome to the Commission and Cal Water because of the small amount of dollars at stake. Unlike the very high dollar budgets for energy efficiency programs, Cal Water has very small budgets. Cal Water's conservation budget proposal has three-year district budgets in the range of a low of about $450,000 for Livermore to a high of $1 million for Stockton. Thus a maximum increase of up to 20% is between $90,000 and $200,000 for any district.

WRAM

The purpose of Cal Water's Water Revenue Adjustment Mechanism is to decouple revenues from sales. Currently, if Cal Water decreases sales it will decrease revenues and could lose profits. Cal Water, DRA and TURN have proposed a decoupling mechanism that assures that revenues are not affected if Cal Water's actual sales are above or below the level adopted by the Commission. The approach includes a WRAM to deal with revenues and a Modified Cost Balancing Account to deal with production costs. As noted in the joint motion of Cal Water, DRA, and TURN in I. 07-02-022, dated June 15 (page 15):

> Parties agree that the desired outcome of and purpose of using these WRAMs and MCBAs are to ensure that the utility and ratepayers are proportionally affected when conservation rates are implemented. For the purposes of the Amended Settlement, a proportional impact is as follows: if consumption is over or under the forecasted level, the cost or savings resulting from changes in consumption should be accounted for in a way such that neither the utility nor ratepayers (as a whole) are harmed or benefited.

2.d) Page 9 – You state (seemingly contradictorily) that you are not proposing funding of any conservation programs with cost-effectiveness ratios less than 1.0, but later state you are requesting that the Commission allow Cal Water to pursue some programs with cost-effectiveness ratios les than 1.0. Explain.

Cal Water would like to have the flexibility to pursue programs that do not meet the 1.0 cost-effectiveness ratios for 15% to 20% of its total program portfolio of programs other than information programs. Cal Water is concerned that should it pursue such programs that the Commission would find that its actions are unreasonable. If the Commission were to grant such authority, Cal Water would modify its conservation program accordingly.

2.e) Explain generally what approvals for conservation programs you seek in this proceeding (as distinguished from the Commission's Conservation Order Instituting Rulemaking [OII] 07-01-022).

In A.07-07-001, Cal Water is requesting that the Commission authorize

1. a conservation budget in rates of $1,866,398.04 for TY 2007/08 for the eight districts in Application 07-01-001.
2. a Program Balancing Account as outlined on Page 7 of Mr. Morse's testimony; and
3. a request that up to 15% to 20% of Cal Water's conservation budget for programs, other than information programs, be based on criteria other than solely cost- effectiveness.

In I. 07-01-022[2] Cal Water requests authority to increase its conservation programs by up to the equivalent of 1.5% of revenues for all districts. The authorization sought would not increase rates, but rather merely authorize Cal Water to increase conservation programs. Reimbursement would occur in subsequent general rate cases. Cal Water envisioned its initial request in its original policy application as a means to "jump-start" its conservation programs in all of its districts without needing to increase rates or wait to go through three years of rate case cycles to increase conservation spending. Cal Water believed that such an approach was consistent with the Commission's policy signals in the Water Action Plan. Cal Water planned on using the general rate cases as the vehicle to place conservation dollars in rates and to further refine conservation policy issues.

The two proposals complement each other. If the Commission approves Cal Water's request in I. 07-01-022, Cal Water could expand conservation spending in all of its districts. A.07-07-001 provides a mechanism to put a specific amount of conservation program dollars into rates.

[2] The Commissions Conservation Investigation consolidated Cal Water's original application, A. 06-10-026, which was filed in October of 2006.

3.a) Selma information is missing; please supplement the testimony to include it.

This district was not part of Cal Water's 2007 GRC filing. As directed in ALJ Thomas October 16, 2007 email ruling, this portion of Mr. Auckly's testimony is not part of this proceeding.

3.b) In all cases in which you met levels for "Notification," did you make such notification? Explain. Describe how and to whom you give such notification.

If a notification level is exceeded, then Cal Water, as required by state law, notifies within 30 days of sample result confirmation the local Governing Bodies (county board of supervisors, city councils) and the California Public Utilities Commission as well as the Department of Public Health. The method used is through the regular mail.

3.c) Page 2 – Chico. You state water quality is "good" in Chico. Is this based on any objective scale?

The only scale would be that the water quality is in compliance with the Safe Drinking Water Act. In addition, with the exception of a two wells with high nitrate levels and site specific organics contamintation, which is easily removed by carbon absorbtion, there are no other contaminants of concern in the groundwater in Chico.

3.d) Page 3 – East Los Angeles. You state that "Notification levels are advisory in nature and not enforceable standards." Explain.

Notification levels are health-based advisory levels established by the California Department of Public Health (CDPH; formerly, the California Department of Health Services) for chemicals in drinking water for which maximum contaminant levels (MCLs) have not been established. If a chemical concentration is greater than its notification level in drinking water that is provided to consumers, CDPH recommends that the utility inform its customers and consumers about the presence of the chemical, and about health concerns associated with exposure to it. The level at which CDPH recommends removal of a drinking water source from service is called the "response level." For some of the chemicals considered to pose a cancer risk, including 1,4-dioxane, the response level is 100 times the notification level. Thus, the response level for 1,4-dioxane is 300 ug/L, or 100 times the notification level of 3 ug/L. At this time, the 1,4-dioxane concentrations in the East Los Angeles wells are significantly below 300 ug/L.

3.e) Page 4 – East Los Angeles. Give timelines for the corrective actions that may be required for seven of the ten active wells.

Cal Water initially identified seven wells in the East Los Angeles system that may require iron/manganese treatment systems, including Wells 13-02, 22-01, 29-02, 38-02, 51-01, 52-01, and 54-01. At Well 38-02, there is an existing and operating iron/manganese removal system; therefore, no modifications are proposed for this well. Based on recent samples collected from the wells, iron/manganese treatment systems are not required at Wells 54-01 and 22-01 at this time because iron and manganese were either not detected or detected significantly below their respective Secondary Maximum Contaminant Levels. An iron/manganese treatment system is proposed for Well 13-02 in 2008 and for Well 51-01 in 2009. Due to the low production capacity and age of Wells 29-02 and 52-01, no iron/manganese treatment systems are proposed for these wells. If requested by CDPH, Cal Water will shut down the wells and, hopefully, replace these wells with new wells in the near future.

3.f) Page 6 – Livermore. Explain the court ruling that may result in less water for the district.

The court ruling referred to in Cal Water's testimony was an interim order to the State Water Project to stop pumping from the Banks pumping plant. tr Below is a press release from Zone 7 that details how the court ruling will affect Cal Water's supply. Cal Water purchases water from Zone 7 to supplement the groundwater that it pumps.

FOR IMMEDIATE RELEASE
August 31, 2007

Contact: Boni Brewer
925-454-5015
Karla Nemeth
925-519-2987

Court Ruling Taps Zone 7 Water Agency's Drought Supplies

Valley's Groundwater Basin Reserves at Risk

Livermore -- Friday's court-ordered reduction in State Water Project deliveries for 2008 will force the Livermore-Amador Valley's Zone 7 Water Agency to rely more heavily on groundwater reserves intended for drought protection and other emergencies.

Zone 7, which wholesales water to about 200,000 people in Livermore, Pleasanton, Dublin and Dougherty Valley, normally gets 80 percent of its water supply conveyed through the Delta by the State Water Project.

But those supplies will be sharply reduced under Friday's court ruling that cuts back up to 30 percent of combined State Water Project and Central Valley Project water deliveries for a year while state and federal agencies complete a long-term plan to protect endangered Delta smelt. The ruling is the largest court-ordered cutback in water supplies in the history of the state and affects drinking-water supplies for 25 million Californians, as well as irrigation water for agriculture.

Zone 7 General Manager Jill Duerig said that while Zone 7 has been diligent in planning for droughts and other emergencies through groundwater banking, conservation programs and other means, the reduction of Delta-conveyed imported water through regulatory limitations deals a big blow to the agency's water-supply planning.

Zone 7 currently has enough stored groundwater supplies to meet projected demands during 2008. However, Duerig warned that drawing down on those reserves in light of Friday's court ruling could put the Valley in a seriously vulnerable position if, in addition, dry-weather conditions experienced in 2007 continue and turn into a prolonged drought.

"We really could be in a bind if we're entering a drought or experience an earthquake that disrupts future water delivery," she said.

Over the past decade, Zone 7's constituents have made substantial investments in emergency and drought protection by acquiring entitlements to water supply for local and offsite groundwater banking. Under Zone 7's Urban Water Management Plan, existing groundwater supplies augmenting a reduced level of state imports are enough to get the Valley through a six-year drought.

Zone 7 continues to urge its customers to voluntarily reduce water consumption through such actions as reduced outdoor watering, reduced car washing, and repair of leaking sprinkler heads and household plumbing. Conservation tips are available on Zone 7's web site at

www.zone7water.com, and through local retailers – the cities of Livermore and Dublin, the California Water Service Company and the Dublin San Ramon Services District.

"We may ask people to do more with less in order to protect our drought supplies, and will be looking at additional tools and programs to help people do that," Duerig said. "However, we've already implemented substantial indoor water conservation measures. In the long-run, conservation will only be a part of our answer.

"We rely on continuous supplies from the northern Sierra to be conveyed through the Delta, and that conveyance no longer meets the water-supply needs of our communities," she said.

Friday's court ruling also will force Zone 7 to consider again reducing artificial recharge of Arroyo Mocho through Livermore, and possibly reducing recharge on Arroyo Del Valle through the Valley. Normally, Zone 7 releases surplus imported Delta water from the South Bay Aqueduct down Arroyo Mocho and Arroyo Del Valle to augment natural flow that seeps into the groundwater basin, which helps replenish the groundwater basin. This year, the agency was forced to shut off the spigot on Arroyo Mocho due to extremely dry weather. Next year, although the agency attempts to manage its recharge program in an environmentally sensitive way, it may be forced to shut it off both arroyos due to the reduction in supplies of water from the court's decision.

3.g) Page 10 – Salinas. Are you receiving state funding for MtBE mitigation? Explain.

In 2003, Cal Water submitted two grant applications to the Drinking Water Treatment and Research Fund (DWTRF) to cover the treatment or replacement costs associated with two wells contaminated with MtBE. The application for funds to replace Well 1-04 was accepted and a well is currently being constructed on a new site. To date, Cal Water has received reimbursement for $463,879. This grant allows Cal Water to replace a well at no cost to its customers. The second grant application was also accepted in November 2004. Currently, Cal Water is looking for a location to construct the second well.

3.h) Page 11 – Stockton. Give more detail regarding the plume of Trichloroethylene (TCE), including whether there is litigation or a settlement regarding the plume, and if so, the parties involved.

The Regional Board has been notified of the TCE contamination in Wells 75-01 and 78-01. At this time, they have not identified a responsible party. Thus, the plume has not been characterized and the extent of the contamination is unknown. There is no litigation or settlement associated with this plume at this time.

3.i) Page 12 – Visalia. Cite authority for the statement that "DHS recommends shutting down a source if it reaches 100 times the notification level."

The following is an excerpt from the DPH website "Drinking Water Notification Levels." The link is http://www.cdph.ca.gov/certlic/drinkingwater/Pages/NotificationLevels.aspx

If a chemical is present in drinking water that is provided to consumers at concentrations considerably greater than the notification level, CDPH recommends that the drinking water system take the source out of service.

The level prompting a recommendation for source removal is the "response level" of Health and Safety Code §116455, and depends upon the toxicological endpoint that is the basis for the notification level (PDF). For chemicals with a non-cancer toxicological endpoint, this recommendation occurs at 10 times the notification level.

For five chemicals considered to pose a cancer risk—1,4-dioxane, RDX, TBA, 1,2,3-TCP and TNT—this recommendation occurs at 100 times the notification level. For the nitrosamines NDEA, NDMA, and NDPA—also considered carcinogenic—this recommendation occurs at 10, 20, and 50 times the notification level, respectively.

3.j) Page 33 – King City. The testimony is very brief. Supplement it to furnish the type of information given with respect to the other districts. A good example to follow is Redwood Valley.

This district was not part of Cal Water's 2007 GRC filing. As directed in ALJ Thomas October 16, 2007 email ruling, this portion of Mr. Auckly's testimony is not part of this proceeding.

3.k) Page 38 – Palos Verdes. The testimony is very brief. Supplement it to furnish the type of information given with respect to the other districts. A good example to follow is Redwood Valley.

This district was not part of Cal Water's 2007 GRC filing. As directed in ALJ Thomas October 16, 2007 email ruling, this portion of Mr. Auckly's testimony is not part of this proceeding.

3.l) Page 40 – Redwood Valley. You state that the U.S. Environmental Protection Agency (EPA) limits on allowable levels of Disinfectants and Disinfection By-Products (DBPs) went into effect on January 1, 2004 for small water systems. Does determination of whether a water system is small depend on the number of connections, or the size of the owner of the company?

This district was not part of Cal Water's 2007 GRC filing. As directed in ALJ Thomas October 16, 2007 email ruling, this portion of Mr. Auckly's testimony is not part of this proceeding.

3.m) Page 42 – Redwood Valley/Hawkins. The DHS letter is dated October 19, 2004, but it does appear you have installed treatment facilities. Is presence of the California Tiger Salamander the sole reason for the delay? If not, explain the delay.

This district was not part of Cal Water's 2007 GRC filing. As directed in ALJ Thomas October 16, 2007 email ruling, this portion of Mr. Auckly's testimony is not part of this proceeding.

3.n) Page 43 – Redwood Valley/Lucerne. Explain how long the "boil water" conditions related to algal blooms/storm water runoff have been in place.

This district was not part of Cal Water's 2007 GRC filing. As directed in ALJ Thomas October 16, 2007 email ruling, this portion of Mr. Auckly's testimony is not part of this proceeding.

3.o) Page 47 – South San Francisco. The testimony is very brief. Supplement it to furnish the type of information given with respect to the other districts. A good example to follow is Redwood Valley. You also state that you are not using groundwater due to water quality constraints. What are those constraints? Below you state that you blend "remaining constituents" in your groundwater well with SFPUC water. Explain the seeming inconsistency between these two statements.

This district was not part of Cal Water's 2007 GRC filing. As directed in ALJ Thomas October 16, 2007 email ruling, this portion of Mr. Auckly's testimony is not part of this proceeding.

3.p) Page 49 – Willows. The testimony is very brief. Supplement it to furnish the type of information given with respect to the other districts. A good example to follow is Redwood Valley.

This district was not part of Cal Water's 2007 GRC filing. As directed in ALJ Thomas October 16, 2007 email ruling, this portion of Mr. Auckly's testimony is not part of this proceeding.

3.q) Page 51 – Cal Water Districts That Exceeded MCLs or SMCLs. What does "CA" mean in the chart, and explain its use given that it is only used for some districts.

As listed in the footnotes to the table, CA means that a corrective action was taken, in accordance with DHS guidance, and a citation was not issued. It was only used in some districts because Cal Water was issued a citation for some deficiencies in other districts.

3.r) Page 52 – Explain the statement that "Compliance is based on the 90th percentile value. If the 90th percentile value is above the AL, then we must take action to lower the lead and copper values."

Compliance is based on the 90th percentile of the values (results) obtained from the sampling. An exceedance of the Action Level (AL) occurs if the concentration of lead or copper in more than 10 percent of the samples is greater than the respective AL. If the 90th percentile value is above the AL, a corrosion control study is performed to determine the most effective treatment. One form of treatment used is to add a corrosion inhibitor such as ortho-phosphate to the water before it is pumped to the distribution system.

3.s) Page 53 – Antelope Valley. You state no exceedances have resulted in issuance of a citation by DHS. What is the legal significance of the fact that there have been no citations?

This district was not part of Cal Water's 2007 GRC filing. As directed in ALJ Thomas October 16, 2007 email ruling, this portion of Mr. Auckly's testimony is not part of this proceeding.

3.t) Page 53 – Lancaster, and page 55 - Bakersfield. You state that the 2006 averages of each of these constituents are below their respective regulatory limits. Is compliance based on averages, or actual levels at a site? You refer to your water source working to lower arsenic concentrations. What is the timeline of this work, and your plan if your source does not act in a timely manner?

This district was not part of Cal Water's 2007 GRC filing. As directed in ALJ Thomas October 16, 2007 email ruling, this portion of Mr. Auckly's testimony is not part of this proceeding.

3.u) Page 54 –Is fire the only "emergency" use of standby wells?

Wells are designated as standby for various reasons. Typically, a well status is changed from active to standby due to low production, low demand in the distribution system, or for water quality reasons. The subsequent use of a standby well is determined by the water quality, which also dictates whether the well is to be used only for emergencies or can also be used as a backup source. However, a standby well can only be used short-term, defined by DPH as five consecutive days or less and less than a total of fifteen calendar days a year.

To further clarify, if a well is designated standby due to low production or low demand, this well can be used in a non-emergency situation such as low pressure or to supplement supply while an active well is under repair. If a well is designated standby due to an MCL exceedance, it can only be used in the event of an emergency such as fire, earthquake, or similar natural disasters.

3.v) Page 55 – Bear Gulch. When will the planned action regarding the secondary MCL for aluminum be carried out?

This district was not part of Cal Water's 2007 GRC filing. As directed in ALJ Thomas October 16, 2007 email ruling, this portion of Mr. Auckly's testimony is not part of this proceeding.

3.w) Page 56 – Hermosa-Redondo. When will the planned action regarding the secondary MCL for Total Dissolved Solids (TDS) be carried out?

This district was not part of Cal Water's 2007 GRC filing. As directed in ALJ Thomas October 16, 2007 email ruling, this portion of Mr. Auckly's testimony is not part of this proceeding.

3.x) Page 61 – What are the procedures in the following statement: "Though some constituents have been detected at levels in exceedance of primary and/or secondary MCLs, they have not resulted in non-compliance due to the procedures used for calculating MCL compliance"?

This statement is in reference to the Bakersfield District where corrective actions were taken within the 20-day response time required by the Department of Public Health. The organic constituents detected were at the detectable limit for reporting (DLR), which is also the MCL. Since the MCL is set at the DLR, corrective actions can not be taken before the source reaches the MCL. In such cases, the EPA and DPH require the source to be taken out of service until the MCL exceedance is mitigated.

In the case of secondary MCLs or inorganic constituents with primary MCLs, compliance is based on the average of samples collected in a specified period. For example, some sources are sampled weekly where compliance is based on the monthly average and some sources are sampled quarterly where compliance is based on an annual average. The sample frequency is determined by the DPH and based on the health affects of the constituent sampled. When compliance is based on an average, the average must be below the MCL and no individual sample result can exceed four times the MCL.

3.y) Appendix A, pages 2-3. Provide the McGuire/Malcolm Pirnie evaluations to which you refer.

Please see the attached word document.

3.z) Appendix A – page 3. What will you do if the December 31, 2009 Groundwater Rule (GWR) compliance deadline is not feasible?

Cal Water is currently working with the Department of Public Health and a consultant to develop a compliance plan. However, the plan will not be able to be completed until more information is available on the federal Ground Water Rule. That information has been delayed. When it becomes available, Cal Water will finish its compliance plan.

4.*i.*a) Table 4-A & Page WP 4-B1. For many of the districts (not just Livermore, but it is one example), you use a service connection growth percentage that is not a 5-year average. How do you determine whether a 5-year average is or is not appropriate in a particular case? Has the Commission given guidance on when it is appropriate to deviate from a 5-year average, and if so are you in compliance with such guidance? Elaborate.

Public Utilities Commission Decision 04-06-018, the "Interim Order Adopting Rate Case Plan" which was adopted in June 9, 2004, provided certain guidelines adopted that are to be applied to rate case filings. Page 6 of the Appendix states and Cal Water quotes, *"Customers will be forecasted using a five-year average of the change in the number of customers by customer class". Should an unusual event occur, or be expected to occur, such as the implementation or removal of limitation on the number of customers, and then an adjustment to the five-year average will be made."*

Chico

A two-year average was used to estimate number of residential customers due to the downturn in the housing market.

Livermore

A two-year average was used to estimate number of customers for the test year due to a city zoning restriction, resulting in the two-year average being the most representative of future growth.

Los Altos

A four-year average was used to estimate the number of business customers. Cal Water strongly believes that the 2002 recorded growth was unusually high because the district had not seen such a growth in this category in over twenty years therefore it was excluded in the calculation of escalation year forecast.

Salinas District

Five-year average was not used to estimate residential and business growth due to a downturn in the housing market.

Mid-Peninsula

Five-year average was not used to estimate residential growth because the district has been already been fully built out. The increase in customers that will arise from two major developments (Bay Meadows and K-Mart Development) will not be seen in this rate case because construction is still in the planning stages.

Visalia

In 2002, the district had corrected the revenue classes for irrigation services for city landscaping which had caused an increase in public authority accounts and a decrease in residential and business accounts. These services were originally classified as commercial accounts (residential and business). This was excluded in forecasting for escalation years because it is very unlikely that a reclassification of similar magnitude will happen again.

4.*i.*b) Table 4-C. Why is there such a large fluctuation in your unaccounted water percentage over time (e.g. 0.71% in 2001, 2.78% in 2002, 9.13% in 2003, 4.20% Last Adopted Test Year 2005-06 test year?

Livermore District purchases treated water from Zone 7 through approximately 7 turnouts, all of which are metered by Zone 7's meters. During the last 4 or 5 years that has been an extended period (meaning months) where Zone 7 meters were under-registering the flow of treated water into the CWS system. When large volume water meters under-register Cal Water essentially receives more water than the invoices and meters indicate thus swinging the un-accounted-for-water ratio near zero – that is it appears that sales nearly equal the water produced. Once Cal Water identifies the issue and can narrow down to one or two suspect meters a request is made to Zone 7 who then dispatches technicians to recalibrate the large meters at the Cal Water turnouts. The method Cal Water uses to identify that an under-registering meter problem exists is indeed the un-accounted-for water percentage – when it drops below 3% we look for possible contributors. In 2001 there was a meter issue and just recently (2006) there was a meter under-registering issue. In each instance the meters were recalibrated and the percentage has then moved back in the typical range of 6-8% un-accounted-for-water.

4.*i.*c) Table 4-F1c. What does "Inch" stand for in the table closest to the bottom of the page?

The term "Inch" means per inch of diameter of service or connection for fire service. Cal Water private fire protection service rates are linear. That is, a 6-inch connection pays six times the unit charge, while an 8-inch connection pays eight times the unit charge.

4.*i.*d) Page WP4 – F1e. Who is Rick Terry?

Rick Terry is an Engineering Technician that works out of the Rancho Dominguez office in Torrance. Mr. Terry is referenced because he provided the information relative to the number of fire flow tests in District 128 – Dominguez for 2005 and 2006.

4.i.e) Table 5-B4g. You propose a large percentage of your conservation budget be spent on public information and school education. Why have you taken this approach, and has the Commission recommended or approved it? Is the percentage spent on education/information similar to the percentages so spent in the Energy Efficiency sector?

In the past the Commission has approved Cal Water's conservation budgets by districts but has not approved specific dollar amounts by BMP. Public information and school education programs are required by the Council. Please see response 2b.

The table below provides the approximate percentages that are spent on education/information programs for Energy Efficiency for the two largest energy utilities. The energy utilities have extremely large information budgets in the range of $7 to 27 million. Cal Water's information and education programs are very small, in the range of $10k to $45k. Cal Water must have a minimal level of funding to provide an information or education program in each district. If Cal Water were to reduce these programs to the 10% range as is the case for energy efficiency, the programs would become too small to be effective.

4.*i.*f) Table 6-A. Why is there such a high fluctuation in the percentage change in A&G expenses per customer over the years (e.g., 59.8% in 2002, (-38.2%) in 2003, (-7% in 2004), 1.2% in 2005, and 22.4% in 2006)?

Customers have not changed appreciably in this district. Cal Water's district charges for administrative and general expenses are not large compared to operating expenses, so it is important to put these percentages in context. A&G expenses consist mainly of payroll, rents, revenue allocated to ratepayers (administrative charges), workers' compensation insurance, and nonspecific expenses payments for goods and services charged to different accounts as summarized in WP 6-A1a. Payroll expenses were higher than normal in 2002 due to a transition of district managers (one manager retired). Payroll and transportation charges to A&G accounts is related to the work being performed, so variations in A&G can occur that do not relate to the overall payroll or transportation expense.

4.*i*.g) Table WP6-A1a. What does the Miscellaneous Gen Expense category contain?

"Miscellaneous General Expense" category (account 799500) is for administrative and general expenses not provided for elsewhere. These charges in Cal Water districts include some of the following:

- Education expenses including CWS library materials
- Union negotiation expenses
- Company picnic expenses (except meals which are booked to account 792601)
- Retirement event costs
- Company newsletter
- Costs of open houses
- Rental of table/chairs for company events
- Employee publicity photographs
- Flowers for employee illness, deaths

4.*i.*h) California Water Service Company, Livermore, 2009 Advance Capital Budget, page 11 of 16. How do you determine when to carry out Priority B security mitigation improvements as compared to Priority A improvements? Do you have an implementation overall schedule/plan for the company? If so, please furnish a copy.

Cal Water management decided to follow the recommendations outlined in the Vulnerability Assessments (VAs) for each district over a three year period beginning in 2008. Implementation was to follow the priorities for each identified facility as outlined in each district's VA. As such priority 1(A) items were submitted for 2008 and priority 2(B) items were included in the 2009 budget. Priority 3(C) items will be budgeted for 2010.

4.i.i) Livermore District Annual Change in Non-Specific Expenditures. Explain the significant fluctuation over time.

The table in the work papers in Tab T8 A/B toward the back details the recorded expenditures for non-specifics by category from 1997 through 2006, along with projections for the test year. Generally, non-specific expenditures vary because this area relates to expenditures for emergency and unanticipated projects that cannot reasonably be budgeted as specific items in a budget year. However, in order to have funds set aside for these types of expenditures, they are an integral area of the capital budget. There are several categories that over the years have resulted in fluctuations in the funds spent for non-specific projects. For Livermore, those categories are pumps, mains and services. In 2003-2005, there were significant increases over previous years in the charges to the pump category for non-specifics due to unforeseen failures in that equipment. During 2002-2004, the charges to the categories of mains and services increased significantly over previous years due to unforeseen replacements required of sections of main. As the mains are required to be replaced, the services also need to be replaced and reconnected. The funds budgeted for the test years reflect a ten-year inflation-adjusted average for nonspecific projects.

4.*i.*j) Livermore Carryover Projects. Do you list for each district the projects that were approved but not carried out, and the projects carried out but not approved in advance? If so, furnish the list(s).

In each of the Results of Operation and Prepared Testimony Reports, at the end of Chapter 8, there is a section titled 'Analysis of Capital Improvements since last GRC'. That section discusses the projects that were approved but not carried out and the projects carried out but not approved.

4.*ii.a) Project Justifications* - Table of Contents. Page 4, # 00017380. You state you are replacing a forklift pursuant to California Air Resources Board (CARB) mandate. Are you now replacing all affected forklifts for all districts to comply with the CARB requirement? Are other vehicles affected? Explain.

Cal Water will be replacing or retrofitting all affected forklifts throughout the company to comply with the CARB regulations. Other vehicles or facilities such as emergency generators affected will also be replaced or retrofitted to comply.

4.*ii.b) Project Justifications* - Tab 2. Please furnish the 2006 Water Supply and Facilities Master Plan for each district (or if you have already done so, indicate when you furnished it).

The Water Supply and Facilities Master Plan for all districts will be furnished in non-confidential form to the parties in this proceeding as Cal Water previously arranged with ALJ Thomas with regard to the Chico WSFMP. Cal Water will provide a confidential version of each plan for ALJ Thomas for her use during the proceeding.

4.ii.c) Project Justifications - Tab 5. The document is marked up. Please furnish any revisions.

A "clean" copy of Tab 5 is included with this response.

4.*ii.d) Project Justifications* -Tab 6. The City of Livermore is having a moratorium on street excavations. Are you conducting all necessary excavations (and not only the project here) to conform to the moratorium?

Cal Water works very closely with the Public Works Departments for all the cities it serves. Whenever possible, Cal Water and the cities (along with the counties and Cal Trans) coordinate their projects to take advantage of street resurfacing projects. However, it is not unusual for a city, county or Cal Trans to inform Cal Water of a street resurfacing project only to be informed later that their funding did not come through or it delayed for some other reason. There are also instances of Cal Water not being informed in time to take advantage of their project in conjunction with a budgeted main replacement. For this particular project, that coordination was accomplished.

4.*ii.e) Project Justifications* - Tab 11. You mention a routine valve replacement program. Describe the program.

Use of the phrase "routine valve replacement program" was more generic than related to a formal program. It is the responsibility of each district to evaluate the condition of their facilities and maintain or replace as needed to keep the system operational. Each distribution system is unique in its operations and the facilities needed for that operation. A facility such as the one described in the justification referenced would be checked to see if it was operating correctly on periodic basis that can vary in time from district to district, but usually on an annual basis depending upon the importance of the facility. Some districts may not even have these types of check valves. This type of valve affects the ability of water to flow through the distribution system, so its non-operation was probably noticed due to a pressure problem. If the valve is not able to be repaired, it is replaced.

4.*iii.a)* Page 9 – Explain how you obtained approval for the special condition that allows you to pay the City of Livermore a different rate related to fire sprinkler systems than you ordinarily pay, and whether there would be any cost to or other impact on ratepayers if the special condition were removed.

You have misconstrued this paragraph. The fire sprinkler issue relates to charges by Cal Water to some of its customers. The City of Livermore some time ago established a requirement that all new residential construction install fire sprinkler systems. Because of the fire sprinkler requirement, these households must have a 1-inch connection to the water system. The Water Division's standard practice U-7-W requires that rates for a 1-inch service be 2.5 times the rate for a 5/8x3/4-inch (standard) meter. For most of these Livermore customers, however, the fire-sprinkler system is the only reason to be charged for a 1-inch meter. Therefore, the Commission determined it was fair to charge similarly situated customers under a special condition that currently states:

#. Any service to a residential customer not exceeding two units on a lot size of 10,000 square feet or less who requires a 1-inch meter only because of fire flow requirements to a fire sprinkler system will be billed at the above 5/8 x 3/4-inch meter service charge plus a 25% surcharge, which equals $ 2.165 per month.

The 25% surcharge is intended to offset the cost of installing a larger meter. Originally, the Commission limited the special condition to those customers with a smaller than 10,000 square foot lot to avoid including customers who would beneficially use the 1-inch meter capacity.

However, Cal Water discovered in 2005 that the City of Livermore had also mandated a type of plumbing on this construction that prevents customers from utilizing the full 1-inch capacity. Therefore some customers with lot sizes larger than 10,000 square feet are being charged a much larger amount for the same level of service. Cal Water believes that difference is unreasonable and should be corrected by eliminating the lot size restriction.

If the special condition were removed, these customers would be charged more and other customers would be charged less.

4.*iii.b) Results of Operation and Prepared Testimony* - Page 18 – Your water loss is less than seven percent. You use a default figure of eight percent for districts on flat rate schedules. Explain why you use the eight percent default if actual losses are lower.

Cal Water does not use the eight percent default rate for this district. That rate is only used for districts with flat rate residential customers. Each of Cal Water's 24 districts and those with sub-districts (such as the Redwood Valley District) are treated separately relative to water loss. Cal Water does not calculate a company-wide water loss. For districts that do not have flat rate customers, an actual water loss can be calculated because all of the sales are metered along with the production. For those systems that have flat rate customers, Cal Water uses the eight percent default percent. For additional discussion on water loss, please reference Cal Water's response to data request SRT-1, items 1(d) and 3 i) (a).

4.*iii.c)* Page 33 – State the authority allowing you to cancel projects and re-budget the spending because of major nonspecific projects or cost overruns in budgeted projects.

Cal Water's budget of capital improvements is its own. The Commission ratemaking process authorizes Cal Water a particular set of rates based on a projected revenue requirement for a future test year. Except where specifically ordered (such as in an advice letter), the Commission does not approve the company to construct an itemized list of capital projects at itemized costs. Doing so would be extremely shortsighted public policy because it would not allow the utility to respond to customer needs. Cal Water has an obligation to provide safe and reliable water service to its customers. The capital and expense needs to provide this service are constantly changing due to changes in costs, changes in regulations, and other unanticipated events.

The Commission always has the opportunity to review the costs of facilities or any other aspect of the utility's operation. Cal Water takes a risk in constructing facilities that were not presented to the Commission in its rate case budget, or in cancelling projects the Commission reviewed in its last GRC submission. The risk is that the Commission will review Cal Water's rationale for the project changes and find that those changes were not in the public interest. In that case, the Commission would prospectively deny recovery of those costs in rates. However, Cal Water is confident that its management of capital improvements is in the public interest.

Cal Water's capital project philosophy is to manage to the overall budget underlying rate recovery. Only if additional expenditure is required for important water supply, water quality, or safety needs, will Cal Water exceed its budget in a particular year.

5*.i.a)* Table 5-B4a. You use a 4-year average for Source of Supply Expenses. Is a 5-year average the default option? How do you determine whether a 5-year average is or is not appropriate in a particular case? Has the Commission given guidance on when it is appropriate to deviate from a 5-year average, and if so are you in compliance with such guidance? Elaborate.

D.04-06-018, the "Interim order Adopting Rate Case Plan" which was adopted in June 9, 2004, provided certain guidelines adopted that are to be applied to rate case filings. Page 7 of the appendix states, "*For test year district and general office expenses, excluding water production related expenses, the utilities and DRA may forecast using traditional estimating methodologies (historical averages, trends, and specific test year estimates)".* For the purpose of simplifying the processing of rate filings, Cal Water intends to use the five-year escalated recorded expense method except for when there are clear reasons to deviate from it.

In the case of forecasting for Source of Supply for East Los Angeles district, Cal Water had used a four-year escalated average because of a suspected anomaly in the 2002 recorded expense. The payments to Department of Water Resources for watermaster service charges were as follows;

- 2001 - $14,540
- 2002 - $5,477
- 2003 - $11,767
- 2004 - $11,755
- 2005 - $38,167
- 2006 - $26,579

Cal Water strongly feels that there was an anomaly in the 2002 recorded expenses, hence the reason for its exclusion in the calculation of the test year estimate.

5.*i.b)* Table 5-B4d1. What does the Miscellaneous category contain?

The "Miscellaneous" category (account 756000) includes all field office operation expenses excluding labor and transportation as follows:

- Preparation of distribution maps and plat sheets
- First aid supplies and safety equipments
- Field yard and store room clean-up
- Uniform expenses
- Field office recycling costs and fees
- ID badges for employees
- Field office utilities expenses
- Field office janitorial and maintenance expenses
- Water distribution certification and test fees
- Business cards for supervisors
- Field training and supervisors' meetings
- Steel toed boots
- Fuel for emergency generators
- Field office materials and supplies other than that relating to meters

5*.i.c)* Table 5-B4e. Here you use a 2-year average for Customer Accounting Expenses. Please answer the questions in (a) (two questions above this one).

D.04-06-018, the "Interim order Adopting Rate Case Plan" which was adopted in June 9, 2004, provided certain guidelines adopted that are to be applied to rate case filings. Page 7 of the appendix states, "*For test year district and general office expenses, excluding water production related expenses, the utilities and DRA may forecast using traditional estimating methodologies (historical averages, trends, and specific test year estimates)".* For the purpose of simplifying the processing of rate filings, Cal Water intends to use the five-year escalated recorded expense method except for when there are clear reasons to deviate from it.

The reasons why Cal Water deviated from the five-year escalated recorded expense method and used a two-year average instead:

- In 2005, the district started the electronic billing option for their customers. This service resulted in higher customer accounting expenses for daily electronic data transfer after the billing run every night.
- Pick up and delivery service doubled in the last three years.
- Meter reading expenses more than doubled in the last two recorded years.
- Billing supplies purchases more than doubled compared to 2002 and 2003.

5.i.d) East Los Angeles District - Table 5-B4g. You propose a large percentage of your conservation budget be spent on public information and school education. Why have you taken this approach, and has the Commission recommended or approved it? Is the percentage spent on education/information similar to the percentages so spent in the Energy Efficiency sector?

Response:
Please see the general response if number 4 (e) above concerning the Livermore District.

For the East LA district's conservation programs, the Cal Water budget for public information and school education represents about 24% of the total budget. The public information budget of $15,000 was increased above the minimum amount needed to fund such a program because the cost of water is much more expensive in East Los Angeles district than in the Visalia District, and it makes more sense to increase resources where it will yield greater benefits. The school education program was increased from the minimal level of funding of $15,000 (see Visalia) to $45,000 because there are more schools in the East LA district service area than in Visalia. Also because the schools in Cal Water's East LA district are located in economic disadvantage communities, schools/teachers are much more likely to accept free program, therefore demand for such program is higher.

Attachment A – Regarding Conservation Programs

The following information is from the California Urban Water Conservation Council's website. It summarizes the Council's BMP7 and BMP 8 program deployment and measurement requirements.

7. PUBLIC INFORMATION PROGRAMS

A. Implementation

Implementation shall consist of at least the following actions:

1) Implement a public information program to promote water conservation and water conservation related benefits.

2) Program should include, but is not limited to, providing speakers to employees, community groups and the media; using paid and public service advertising; using bill inserts; providing information on customers' bills showing use in gallons per day for the last billing period compared to the same period the year before; providing public information to promote water conservation practices; and coordinating with other government agencies, industry groups, public interest groups, and the media.

B. Implementation Schedule

1) Agencies signing the MOU prior to December 31, 1997, implementation shall commence no later than July 1, 1998.

2) Agencies signing the MOU or becoming subject to the MOU after December 31, 1997, implementation shall commence no later than July 1 of the first year following the year the agency signed or became subject to the MOU.

C. Coverage Requirements

Agencies shall maintain an active public information program to promote and educate customers about water conservation.

D. Requirements for Documenting BMP Implementation

1) Number of public speaking events relating to conservation during reporting period.

2) Number of media events relating to conservation during reporting period.

3) Number of paid or public service announcements relating to conservation produced or sponsored during reporting period.

4) Types of information relating to conservation provided to customers.

5) Annual budget for public information programs directly related to conservation.

E. Criteria to Determine BMP Implementation Status

Agency has implemented and is maintaining a public information program consistent with BMP 7's definition.

F. Water Savings Assumptions

Not quantified.

8. SCHOOL EDUCATION PROGRAMS

A. Implementation

Implementation shall consist of at least the following actions:

1) Implement a school education program to promote water conservation and water conservation related benefits.

2) Programs shall include working with school districts and private schools in the water suppliers' service area to provide instructional assistance, educational materials, and classroom presentations that identify urban, agricultural, and environmental issues and conditions in the local watershed. Education materials shall meet the state education framework requirements, and grade appropriate materials shall be distributed to grade levels K-3, 4-6, 7-8, and high school.

B. Implementation Schedule

1) Agencies signing the MOU prior to December 31, 1997, implementation shall commence no later than July 1, 1998.

2) Agencies signing the MOU or becoming subject to the MOU after December 31, 1997, implementation shall commence no later than July 1 of the first year following the year the agency signed or became subject to the MOU.

C. Coverage Requirements

Agencies shall maintain an active school education program to educate students in the agency's service areas about water conservation and efficient water uses.

D. Requirements for Documenting BMP Implementation

1) Number of school presentations made during reporting period.

2) Number and type of curriculum materials developed and/or provided by water supplier, including confirmation that curriculum materials meet state education framework requirements and are grade-level appropriate.

3) Number of students reached.

4) Number of in-service presentations or teacher's workshops conducted during reporting period.

5) Annual budget for school education programs related to conservation.

E. Criteria to Determine BMP Implementation Status

Agency has implemented and is maintaining a school education program consistent with BMP 8's definition.

F. Water Savings Assumptions

Not quantified.

5.*i.e)* Formal Application – Workpapers - WP5-B10 - You will be leasing unused water rights. You also propose an increase in water purchases. Why are you doing both, which seems inconsistent? What percentage of the lease revenue will you credit to ratepayers?

The production required in Cal Water's East Los Angeles (ELA) District is comprised of groundwater it is able to pump with its wells plus the water it has to purchase to make up the remainder of the customer demand plus water losses. Since the cost of purchased water is greater than the cost of pumping groundwater, Cal Water maximizes the use of its wells. However, if the use of a well(s) has to be discontinued due to water quality issues or the physical condition of the well, then the production lost from that well has to be made up with purchased water. When that takes place, Cal Water has water rights it is unable to use for a period of time until it installs treatment equipment on the well(s) or constructs a new well(s). That is why Cal Water is proposing to treat several wells that are out of service due to water quality issues as well as construct several new wells.

Cal Water could let the pumping rights sit idle or allow others to use the rights. Cal Water's ELA District is located in an area where the groundwater basin has been adjudicated. Therefore, a pumper can only withdraw water from the groundwater basin if it owns or is able to lease rights from someone unable to use their rights. While some, like Cal Water, have excess rights at present, others have more pumping capacity than pumping rights. This framework enables a short-term lease market in pumping rights.

All of the revenue from the leasing of groundwater rights is credited to the ratepayers. This is shown as a credit to purchased water costs on WP5-B10 about 2/3 of the way down the page, and is also noted in the Results of Operation and Prepared Testimony at the bottom of page 17 where it states: "100% of the revenue from the lease offsets purchased water costs."

5.*i.f)* WP6-A1a. What do the Community service consist of, and are they appropriately charged to ratepayers? What do the Merger Related Expenses consist of, and are they appropriately charged to ratepayers?

Account 792606 – Community Service

Cal Water supports and encourages its district managers, officers, department heads and other supervisors to be active in business associations in the communities in which we serve. This expense category includes contributions to local charities (i.e. Girl Clubs, Red Cross, and Cancer Society), advertising at Little League Baseball, youth softball and school year books, leadership forums, golf events, air shows and any holiday event. Cal Water decided that this expense should not be charged to ratepayers so they inactivated the account (792606) in 2005 and used account 538300 (community service) instead which is excluded in ratemaking.

Account 799502 – Merger Related Expenses

Merger related expenses consist of costs associated with merger or acquisition of companies. The only charges booked to this account (in General Office only) are the costs related to the Cal Water and Dominguez Services Corporation merger approved by the Commission in D.00-05-047. There should not be recorded merger related expenses in this district. The Commission has not recognized one-time merger-related expenses in its general rate case evaluations. However, other cost changes (positive and negative synergies) that are expected to continue as a result of reduced costs for labor and purchased services will be beneficial to the ratepayers. In D.06-08-011, the Commission adopted DRA's recommended merger-related savings.

5*.i.g)* Table 6-B. Are the percentages of ESP and antenna revenues/expenses allocated to ratepayers 10% and 30%, respectively? Why are these the allocations?

These percentages refer to Cal Water's sharing of gross revenues for active (10%) and passive (30%) activities under the accounting rules ordered by D.00-07-018.

5*.i.h)* Formal Application – Workpapers - WP6-B1. What is the Central Basin Water Association and why are the dues (charged to ratepayers) $14,414.28?

The Central Basin Water Association (CBWA) was created in 1950 to identify and resolve issues regarding the local water supply. Their mission is to take an active interest in the quality and quantity of the water supply in the Central Groundwater Basin, investigate and act on issues concerning the water supply, investigate legislative measures that affect the basin and work together as a group with other interested parties to develop solutions related to any water supply issues.

The CBWA has about 60 members including 50 groundwater producers and 10 to 15 associate members. The producers represent cities, public utilities, mutual water companies and public water districts that supply water to various communities throughout Southern California. The Central Groundwater Basin covers an area of approximately 275 square miles. Cal Water actively participates in the Association and maintains membership on the Board of Directors. The dues are charged to the ratepayers because the activities of the CBWA have an impact on the replenishment assessment for water pumped out of the basin as well as other activities that can affect the ultimate cost of the water pumped from the groundwater basin and supplied to the Cal Water customers.

5.i.i) WP7-B1. The Ad Valorem Taxes page is for Antelope Valley rather than East Los Angeles. Please substitute pages.

The information is for East Los Angeles, this page was incorrectly named Antelope Valley.

5*.i.j)* California Water Service Company, East Los Angeles, 2008
Advance Capital Budget, page 9 of 26, # 00016074. The item states you deferred money allocated to one project and used it for installing a 12" main. Under what authority do you transfer funding in this way? Explain.

Please see the response to 4.iii.(c). Cal Water claims the authority to manage all aspects of its capital budget. The Commission always has the authority to review Cal Water's capital investments and make appropriate prospective adjustments to the utility revenue requirement if it finds the utility is not acting in the public interest.

5.*ii.a)* Project Justifications - Tab 3. You state that in some cases, you have a special agreement with a city to accelerate replacement of small mains for fire protection. What factors do you take into account when agreeing to a special agreement in one district, and do such agreements have impacts on the speed of replacements in other districts?

The special agreement reference noted above was actually in the discussion on the overall main replacement program in Tab 2. The reference in the discussion was to a special agreement in the Hermosa-Redondo District and not the East Los Angeles District.

However, this special agreement in the Hermosa-Redondo District had no impact on the East Los Angeles or any other district main replacement program.

5.*ii.b)* Project Justifications - Tab 3. # 000155990, page 1. Provide or cite DHS material indicating its concerns with dead end mains.

Cal Water does not have any specific documents from DHS (now DPH) related to dead end mains. However, obviously a dead end main does not promote the circulation or flow of water in that main, and if there is very little usage of the water from that main, it can lead to taste and odor complaints. Without reasonable turnover of the water, the disinfectant residual is also compromised and can go below the minimum specified by DPH. In areas with dead end mains, Cal Water flushes the main periodically to keep the water as new as possible.

5.*ii.c)* Project Justifications - Tab 5 appears to be related to or duplicate tab 13. Explain.

Tab 5 relates to drilling a test hole to determine the potential water production and water quality on the property. The diameter of the test hole is much smaller than that of a completed well since the test hole is for data collection only. If the results of the test hole determine that there is sufficient production capacity and the water quality is such that treatment can be installed, then the project described in Tab 13 will commence. If there is insufficient water available or the cost to treat is prohibitive, then the project in Tab 13 will not be done.

5.*ii.d)* Project Justifications - Tab 7. Provide a copy of California Water Service Company's Main Replacement Program, or, in the absence of a document, describe the program and its criteria. Has the Commission reviewed or approved the program. Explain.

Following is the current policy of Cal Water related to its main replacement program.

The Commission has probably reviewed the program in prior GRC data request responses, but Cal Water is not aware that it has received official approval from the Commission, or that the Commission has to formally approve such programs.

The program is a guideline that is used for initial budgeting, but conditions within the distribution system may dictate what mains and how much main are replaced in any one year. For example, if a section of main is experiencing a larger number of leaks than in previous years, is located in an area that makes it difficult and expensive to repair, serves critical customers such as health care facilities, etc., then the priority for that section would be elevated over another section of main scheduled to be replaced. There are also instances where a governmental agency such as CalTrans, a city, or a county is reconstructing a roadway, installing sewer or storm drain facilities and their work necessitates relocation of a main or sections of a main that ordinarily would not have had any work done on it. Funds used for such projects may have to come out of budgeted main replacements. Unless Cal Water has prior rights[3] in situations like these, Cal Water pays for the relocation of its water line. The individual districts have a lot of input as to the priority given to various main replacements based upon their recent experience within the distribution system.

Mains

The budget category mains includes projects identified under our existing main replacement program as well as any large distribution main installations or replacements of accessories to the

[3] Meaning that Cal Water or its predecessor (Dominguez Water in some areas) was serving before the incorporation of the city.

distribution system such as gate valves, pressure regulators, hydraulic models and computer map development.

Main Replacement Program

California Water Service Company's Main Replacement Program was established to replace all undersized and bare steel mains (uncoated, unlined or both). The goal of the program is to replace all mains of these categories within a 50 year period. The specific length of the replacement period for a given district is determined by:

- The total footage of mains in a district that fall within the replacement program categories,
- The severity of the leak or fire protection problems in the district.

Undersized mains (Category A) are those which have a diameter smaller than 6 inches. These are replaced to improve fire protection, distribution within the system, and service pressure to the customers. Under P.U.C. General Order 103 the current policy is to install mains with a minimum 6" diameter, in order to provide adequate system pressure and flows to all services. In response Cal Water has increased its replacement criteria for Category A from smaller than 4" diameter to smaller than 6" diameter. While this increase adds a significant additional segment of mains into the replacement program, approximately ten percent of all mains company-wide are between 4" and 6" diameter, the priority for replacement lies with the smallest diameter mains which provide the weakest pressure and flow conditions and those mains with the greatest history of leaks. In some cases, as in the Hermosa-Redondo District, a special agreement with the City results in accelerated replacement of small mains for fire protection. While not covered by the P.U.C. General Order, mains that are 6" diameter or larger can also be undersized for the current hydraulic conditions and fire flow requirements. As the need arises or low flow conditions are identified these mains are considered for replacement with larger diameter mains.

Steel mains that are 6" diameter and larger (Category B) are included in the targeted mains in an effort to reduce and control leaks. Many steel mains were originally installed over forty years ago and these mains can routinely, yet randomly, develop leaks. The objective in any one-year is to replace those mains which have generated the greatest leak problems during recent years.

The soils in some regions are more corrosive than in other regions. These soils can accelerate leak occurrence in certain main materials. For example the bay mud found in the San Francisco Peninsula districts is highly corrosive to Cast Iron mains. Soils in certain areas of Bakersfield, Stockton and Salinas are also very corrosive, resulting in a large number of leaks. Where appropriate, these affected main types have been included in the replacement program.

The Company has implemented a leak tracking system that uses leak repair report cards submitted by repair crews following any leak repair action. Using these cards a leak history is generated on individual mains. Annually the number of leak occurrences is determined for each district on the basis of leaks per one hundred miles of main. This information along with the actual length of Category A & B mains in a district is used to set the annual target main replacement length for the district. Districts with leak rates that are routinely higher than average, are reviewed to determine if adjustments to the main replacement targets are needed.

5.*ii.e)* Project Justifications - Tab 8 & 14. Do you have a schedule of useful lives for different main sizes and compositions, and for pumps?

Cal Water does not have a schedule of useful lives for facilities such as mains and pumps. The lives of such facilities can vary greatly depending upon the environment in which they are operating (water quality issues such as sand, acidity, etc.), the soil in which they are installed for mains, whether the inside or outside was lined or coated. For pumps, they are repaired as long as the repair can bring the operating characteristics back to the performance levels required for their function within the distribution system.

5.*ii.f)* Project Justifications - What is the difference between the projects at Tabs 4, 11 and 22?

These are three separate projects located at different well sites.

Tab 4: Project is located at Station 13-02

Tab 11: Project is located at Station 25-01

Tab 22: Project is located at Station 29-01.

5.*ii.g)* Project Justifications - Tab 14. How often do you rebid your master contracts for Cal Water?

The master contracts are rebid every four years.

5.*ii.h)* Project Justifications - Tab 17. This expenditure of $320,000 relates to a 5 year contract. Will the interconnection facilities be useful after the contract expires?

The interconnection facilities will be useful once the initial 5-year agreement expires. Cal Water is evaluating its ability to pump additional groundwater using existing or newly constructed facilities once the agreement with SMID nears its expiration date. If Cal Water has constructed facilities that permit it to utilize our water rights, they will not renew the agreement with SMID. If the agreement is not renewed, Cal Water will transfer any useable equipment to its various operating stations.

However, if Cal Water has not been successful in increasing its ability to pump water, they would seek to enter into a new agreement with SMID provided SMID still has the ability to supply water as it exists today.

5.ii.i) Project Justifications (i) Tab 26. When were the Priority 1 Security improvements performed; if they have not been performed, why are Priority 2 improvements happening first?

The Priority 1 (or A) security improvements are budgeted for 2008 (Projects 17451, 17458, 17473 & 17476). Since none of the individual projects was estimated to be in excess of $100,000, a separate justification was not included as a tab in the justification book.

5.*iii.a)* Page 10 – Why did you change the way you present your multiyear capital projects?

Over the past several years, one major dispute between Cal Water and DRA has been estimating the completion date of major capital projects. Cal Water's budget system is currently a "start date" system meaning company personnel are authorized to spend on a budget beginning in the year it is authorized. However, in the case of a well or other large project, Cal Water may know this project will not be used and useful until a later year. In order to accommodate this system, Cal Water may break down large projects into one-year activities, but these activities are not used and useful projects until the whole project is constructed (for instance a drilled well that is not equipped with a pump is not yet useful to ratepayers[4].)

In past rate cases, such projects would most likely be given advice letter authorizations or "deferred" by DRA because they wouldn't be complete in the test year. Cal Water sought to minimize this dispute with DRA.

This position change by Cal Water, however, may lead to it filing projected capital budgets for projects it will initiate in one of the review years (2007-2009) but not plan to complete until a later period. In that case, Cal Water's position is to alert the Commission it intends to initiate the project but not to request a revenue requirement for that project until it will be completed. Cal Water seeks acknowledgement of these projects by the Commission in this GRC to create an expectation that they will be completed in the next GRC. Also, Cal Water is giving the Commission the opportunity to review whether these projects are in the public interest before construction is initiated.

[4] One exception to this is land, which may be included in rate base as plant held for future use with a definite future use within five years.

5.*iii.b) Results of Operation and Prepared Testimony* - Page 17 – Why are only eight of twenty wells operating; what happened between 2006 (when all wells operated) and today?

East Los Angeles' twenty wells were not all operating in 2006. Only twelve of the twenty were running during that period. In 2007, two of the twelve had to be shut off due to water quality issues with iron and manganese (7-02 & 37-01), and two others (51-01 & 52-01) are considered to be unreliable for the future due to their age and water quality issues as well. Of the remaining eight wells that were operational in 2006, they were online about 80% of 2006. These are the same wells that are estimated to be operational during the test years. For these reasons, Cal Water is been proposing the construction of additional wells, and the installation of treatment equipment at several of its existing wells.

5.*ii.c)* Page 43 – You state you cannot request recovery of an undercollected balance more than three years old, but then ask to amortize the balance. On what ground so you make the request?

The balance is not currently over three years old. The current Commission requirements (embodied in Water Division standard practice and GO-96-B) are that Cal Water may file an advice letter to recover balancing account balances greater than 2% of adopted gross revenues as long as such balance is not more than three years old. Cal Water has stated here that it believes the balance in the account is more than 2% of adopted gross revenues. However, upon subsequent filing of an advice letter with the Water Division, the Commission may conclude otherwise. If this were to occur without a provision for recovery of the balance in the GRC, Cal Water might be barred from recovering some part of the balancing account balance. The Commission has allowed recovery of balancing account balances less than 2% of gross revenues in connection with GRC applications.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS DAY SERVED COPIES OF CALIFORNIA WATER SERVICE COMPANY'S RESPONSE TO ALJ THOMAS' RULING OF SEPTEMBER 25, 2007 IN A.07-07-001

by using the following service:

[X] **E-Mail Service:** sending the entire document as an attachment to all known parties of record who provided electronic mail addresses.

[X] **U.S. Mail Service:** mailing by first-class mail with postage prepaid to all known parties of record who did not provide electronic mail addresses, if any. (Please note there are no parties in this category at this time)

Executed on **October 25, 2007** at Torrance, California.

/s/ Thomas F. Smegal
Thomas F. Smegal

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address and/or e-mail address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name

appears.

* *

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As a courtesy, Cal Water is also notifying the following in anticipation of the grant of the City of Los Altos Motion:

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